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Hughes Rejects Russian Trade Proposal, Holds Reforms Are Essential

Russian Workers Drop Communism; Have Been Dreaming, Asserts Lenin

Says Country's System Is One of Progressive Impoverishment; Demands Changed Industrial Rule

Big Drive on Merseburg Factory Planned to Rout Radical Force of 6,000

By Wireless to The Tribune
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BERLIN, March 26.—The backbone
of the Communist uprising in central
Germany has been broken after further
hard fighting, it is believed here to-
night. Complete restoration of order
throughout the affected area is ex-
pected within three days, although
strikes and demonstrations are in
progress in several cities.

The security police, after an all night battle in Eisleben, where the Reds had gained complete control, succeeded in breaking up all resistance and in driving the Communists out of the city. The immediate plans of the police, who number 800, call for a drive to oust the Reds from the mines west of Eisleben, where armed pickets are maintaining Communist control.

The fighting in Eisleben was exceedingly stubborn. From windows overlooking the streets and from barricades hastily thrown up at crossings the Communists opposed the advance of the police forces. At least seven police were killed and forty wounded. Between thirty and forty civilians were killed, but the number of their wounded is not known. The Reds early in the week had taken hostages from among their fellow citizens, then driven all Majority Socialists from the city and made preparations for the defense of the city. They had forty machine guns and between 8,000 and 10,000 rifles that previously had been concealed in mines near the city. The fate of the hostages is not known. One of them was a clergyman, is not known.

Plan Big Drive on Factory
The police are planning a concerted drive Sunday or Monday to oust the Reds from control at the great Leuna atmospheric nitrogen factory near Merseburg. The Reds, although in the minority there, have terrorized the majority of the workers into submission and are in complete control. The Communists have dismissed the executives at the plant and assert that henceforth they will operate it through a committee of workmen.

Halle is in darkness to-night as a result of a strike of all gas and electric workers. A similar strike is being maintained in Bitterfeld, from which source Berlin gets most of its electric power. Hamburg is quiet again.

An official statement issued in concluding says that foreigners are conducting a unit movement in central Germany. This supports the evidence gathered here that these foreigners are Russian agents of the Comintern and that they are engaged in a plot to set up a Soviet administration in this country.

The labor unions in Berlin and other cities have received their warnings to members not to follow the lead of their movement. The majority Socialists held a conference at Essen which unanimously took the view "that the Comintern is a tool of the Moscow must under all circumstances be combated by workmen with the greatest energy." Meanwhile the Communists are working very hard to get the communist workmen to strike in support of the insurrection.

Hettstedt Is Recaptured

BERLIN, March 25 (By The Associated Press).—Advices received tonight from the disturbed industrial areas say that the police recaptured Hettstedt from the Communists after violent fighting.

The Communists in possession of the

nitrogen works near Halle are reported to have formed a Red army of 6,000. They have 8,000 rifles at their disposal. They also are maintaining motorcycle scouting patrols, which are riding through the districts commanding Communist party members to report for armed service.

Leaders of the Communists at Eisenben, the advices add, were overthrown and fighting in the Mansfeld district has ceased.

Resumption of work in Eisleben has been made conditional by the police commander upon the restoration of order, the return of property and the handing over to the authorities of all ammunition. He promised those who voluntarily surrendered would not be

The Communist leaders have undertaken to the utmost to fulfill these demands.

Boys Sing Soviet Song
HALLE, March 25 (By The Associated Press).—While Communist headquarters here, which is credited with directing the Saxon revolt, held a meet-

Allies Reject Germans'

Reply to Penalty Warning

Reparations Commission Declines Note in Present Form:

Teutons to Draft Another

PARIS, March 25 (By The Associated Press).—The German delegation here to-day delivered to the Allied Reparations Committee the German

reparations Commission the German reply to the note sent by the commission yesterday giving Germany warning of the infliction of penalties under the peace treaty unless she paid before Mar. 1 the 12,000,000,000 gold marks.

The commission decided that the reply was unacceptable in its present

form and refused to accept it from the German delegates. The Germans agreed to draft another reply which, however, will not be ready before next week. The Entente Foreign Offices will wait

Entire Cabinet in Harmony on Note

Message to Moscow Refutes Report of Differences Over Hoover Statement

By Carter Field
WASHINGTON, March 25.—
Branding the present economic system of Soviet Russia as "progress-

State Hughes emphatically informed the heads of that government in a note dispatched to-day that resumption of trade would be futile so long

The communication was a reply to the appeal recently made to President Harding and Congress by the

Bolshevik authorities for the reopening of trade relations between the United States and Russia. The American note was sent to the consul at Reval, Esthonia, who will

hand it to Maxim Litvinoff, Bolshevik envoy there, through whom the original communication from Moscow was transmitted.

The reply avoided mention of the

commission which the Moscow government had offered to send here to negotiate a commercial treaty. President Harding and the entire Cabinet were in absolute harmony on

this step. Secretary of Commerce Hoover, whose recent statement resulted in some speculation as to whether he and Mr. Hughes differed as to the wisdom of resuming trade with Russia, issued a brief statement

Agrees With Hoover Statement

As a matter of fact the note states the same issue as that made by Mr. Hoover in his statement earlier this week. The Hoover statement pointed out that except for stolen gold and jewels the Bolsheviks had nothing to

offer in exchange, and, therefore, trade would be futile. The Hughes note, without reference to the stolen gold and jewels, makes it clear that Russia is not producing anything, and, therefore, there is no point in dis-

Following is the text of the note:
"The government of the United States views with deep sympathy and grave concern the plight of the people of Russia and desires to aid by every appropriate means in pro-

"It is manifest to this government that in existing circumstances there is no assurance for the development of trade, as the supplies which Russia might now be able to obtain

"It is only in the productivity of Russia that there is any hope for the

Russian people, and it is idle to expect resumption of trade until the economic bases of production are securely established. Production is conditioned upon the safety of life, the recognition of firm guaranties of private property, the sanctity of contracts, and the right of

"If fundamental changes are contemplated involving due regard for the protection of persons and property and the establishment of conditions essential to the maintenance of commerce, this government will

be glad to have convincing evidence of the consummation of such changes, and until this evidence is supplied this government is unable to perceive that there is any proper basis for considering trade relations."

Russia Held Barren Trade Field
 "There is scarcely anything which can be added to the note," one Cabinet member said after the meeting in the Executive offices. "The note is a statement which the Administration fully and completely agreed upon as the

It makes plain that our position is that Russia is a barren field under present conditions, and will continue to be from our standpoint until the suggested change is made.

"If there is any real strength in the suggestion made in the Litvinoff note sent to this government by the Soviet that conditions have changed, that can be shown in some convincing manner. The statement signed by the Secretary

of State is candid and direct and should be taken for just what it says. It says that Russia must remedy the present 'causes of progressive impoverishment' and that there is no hope for Russia without productiveness. Production is based on the safety of life.

No occasion exists at the moment, it was declared, to answer specifically the request of the Soviet officials for the reception here of a Russian trade mission further than that the request is denied for the present—or until she

suggested change in Russia's economic system is made—by the concluding sentence of the Hughes note. This reads: "This government is unable to perceive